

Indiana House of Representatives

News and Information

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FRY CALLS FOR STATE RELIEF ON GASOLINE PRICES

INDIANAPOLIS – State Rep. Craig Fry (D-Mishawaka) today called on Indiana Gov. Mitch Daniels to provide Hoosier motorists some relief from soaring gasoline prices by temporarily suspending the state's sales tax on gas.

Fry asked the governor to suspend the 6 percent state sales tax on gasoline for at least 90 days to help drivers who have seen pump prices soar into the \$3.50 per gallon range in recent days.

"The governor has the power to act on such matters in times of crises, and I believe the current situation faced by motorists in Indiana meets that description," Fry said. "I think that a temporary suspension of the state sales tax on gasoline would provide some help and temporarily ease the burdens on many Hoosier pocketbooks."

While gasoline prices have skyrocketed recently in the wake of the hurricane that disrupted the flow of fuel from the Gulf Coast region, Fry said many people had complained to him about the costs of filling up their vehicles before that crisis.

"It shouldn't require a bank loan to fill up your car, but I'm afraid we're heading to the point where one might be needed," Fry said. "While we do not know if this is the start of a trend toward expecting \$3 per gallon prices as a matter of fact, I do know that the recent increases have caught many of us by complete surprise. In that light, I think it is entirely prudent for the state to step in and provide some relief."

Fry noted such steps have been taken by previous governors. In 2000, Gov. Frank O'Bannon suspended the state sales tax on gasoline for nearly three months to help motorists facing high gas prices.

"Gov. O'Bannon's response came when the price of gasoline was around \$1.80 a gallon," Fry said. "I should think that the situation is twice as bad when gas costs twice as much."

Some have opposed the move, claiming that it would not provide much relief and that it would hinder the state's efforts to reduce budget deficits, but Fry said a temporary suspension might provide help at a time when it is needed the most. By suspending the tax, Fry said Hoosiers would save about 20 cents per gallon when getting gas.

"Perhaps in 90 days, we will have seen things calm down and gas prices will return to more tolerable levels," Fry said. "Until then, I think we have to act to protect the interests of many thousands of Hoosiers, and this is just one way to help them now."

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This news release can be accessed on the Internet at www.IN.gov/H05